



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture



OCTOBER 19, 1999

RailAmerica, RailTex Likely To Merge. The two largest short-line holding companies in the U.S. recently announced a planned acquisition, creating the eighth largest North American railroad, in terms of revenue, and the largest short-line/regional freight railroad operator in the world. RailAmerica, which already has interests in railroads in the U.S., Canada, Mexico, Chile, and Australia, is expected to acquire San Antonio-based RailTex for \$325 million in cash and stock. The transaction, however, must first meet shareholder approval, regulatory approvals, and customary closing conditions before it is finalized, which is likely to occur early next year. Both companies have found success in acquiring, developing, and operating short-line railroads during recent years. RailAmerica, based in Boca Raton, FL, was formed in 1986, when opportunities created by the Staggers Act of 1980 allowed the company ease in acquiring several short-line and regional railroads, as well as a specialty truck trailer manufacturer in 1994. In 1997, RailAmerica acquired Ferronor, a 1,400 mile Chilean railroad and its first acquisition outside the U.S. Acquisitions continued, the most recent being the East Peoria, Illinois-based Toledo, Peoria & Western Railroad (TPW) in early September 1999. It currently operates or holds interests in 25 domestic and international railroads with approximately 8,400 miles of track. This will increase to roughly 12,500 track miles following the merger. RailTex, on the other hand, incorporated in 1977, parlayed its railcar leasing assets in mid-1989 to acquire additional short-line railroads, the operation of which has since become its sole business activity. The company currently operates over 4,100 miles of track in 20 States, including the Great Lakes region, New England, and the Southeastern and Central U.S., as well as Eastern Canada. Speaking with regard to recent Class 1 merger problems, Gary Marino, RailAmerica's Chairman, President, and Chief Executive Officer, was confident, stating, "The short-line culture is different from the Class 1's. No one is looking to compete with each other." Marino blamed the troubles of recent Class 1 mergers on different corporate cultures, unions, and competing operations. He also mentioned that the merger will make RailAmerica a "more important player" among the Class 1's. "We will originate and terminate a lot of freight they are anxious to receive," he said. Shippers are also expected to benefit due to increased routing choices. (*Journal of Commerce 10/19, PRNewswire 10/14, www.railamerica.com, www.railtex.com*)

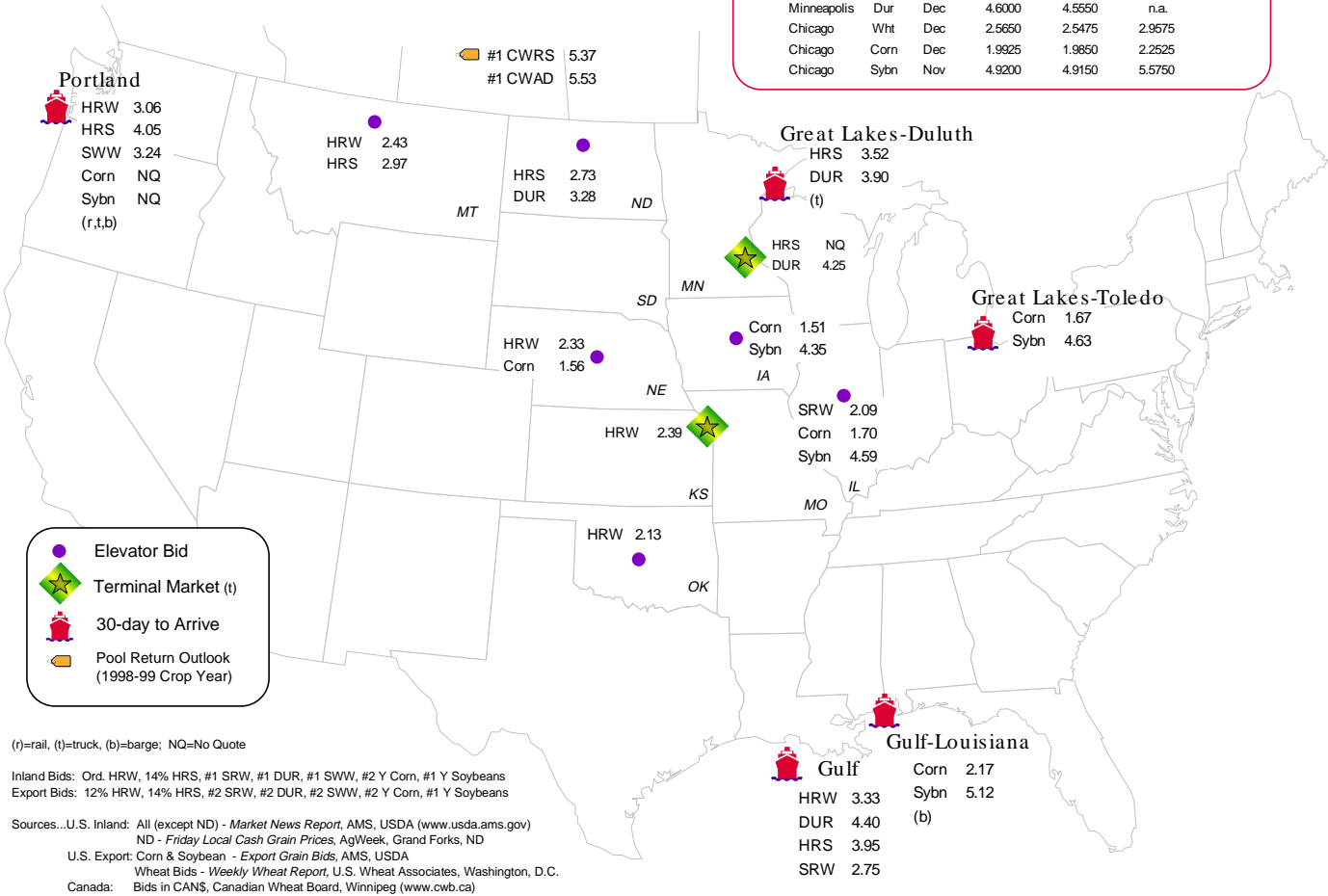
Non-GMO Premiums Fading. The recently reported premiums received for nongenetically modified (non-GMO) grain appear to be losing strength according to Midwest grain analysts and elevator managers. News of the premiums was reported after Archer Daniels Midland asked suppliers to separate GMO grain from "traditional" non-GMO grain, since customers were making purchases based on this. However, premiums, such as 10 to 15 cents/bushel for non-GMO soybeans and 5 to 10 cents/bushel for non-GMO corn, proved to be too low for the segregation to be practical. "If the premiums get big enough, I suppose people would do it," said a merchandiser. In addition, given the volume of grain, most elevators do not have the time or the facilities, such as small storage bins, required to handle the different varieties. (*Bridge News 10/15*)

Transportation Topics. Shippers of project cargo, such as that intended for large-scale engineering and construction projects, have become the most recent critics of **cargo preference laws**. One transportation manager stated that U.S.-flag breakbulk services are infrequent or even nonexistent, which is making it difficult to compete internationally. U.S. flag vessels are also generally more expensive than those registered overseas, according to the manager, speaking at the recent International BreakBulk Expo in New Orleans. The concerns are similar to those voiced by the grain sector, which is committed to use U.S. flag vessels when shipping cargoes under certain aid programs between the U.S. and foreign destinations. In **trucking** issues, the U.S. House of Representatives recently voted 415-5 to impose a maximum fine of \$25,000 on Mexican firms whose truckers leave the restricted border zones. These "commercial zones" usually cover 3 to 20 miles within the U.S. border. Mexican firms, on the other hand, argue that the Mexican truck inspection system has shown that its safety record within these zones has been mostly good. Accessibility by the lower wage, lower priced Mexican firms, competing for U.S. business, is also a concern of the Teamsters union, which believes this will drive down U.S. trucking wages. A recent independent study provided to the Federal Railroad Administration and the Department of Transportation showed that the computers and software of the Nation's Class 1 **railroads** are prepared for the year 2000. The study by Arlington, VA-based CACI International assessed each railroad in terms of management and planning, testing and validation, and risk management and contingency planning. It found all railroads to be "well within" the lowest risk category, as defined by the study. (*Traffic World 10/18, Boston Globe Online, 10/19, USDA-AMS,ERS*)

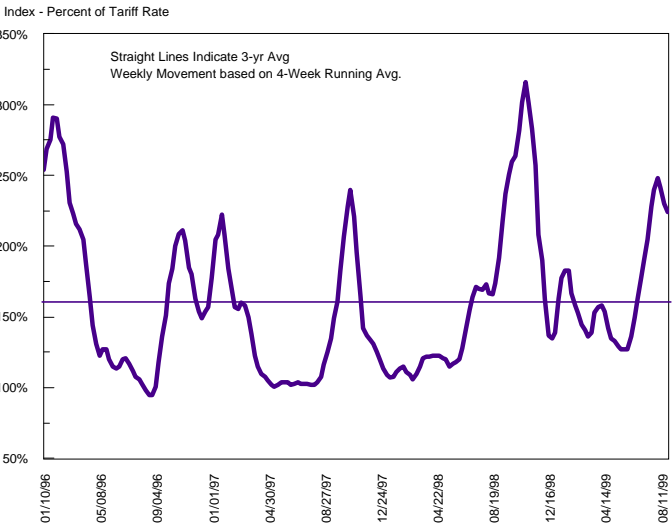
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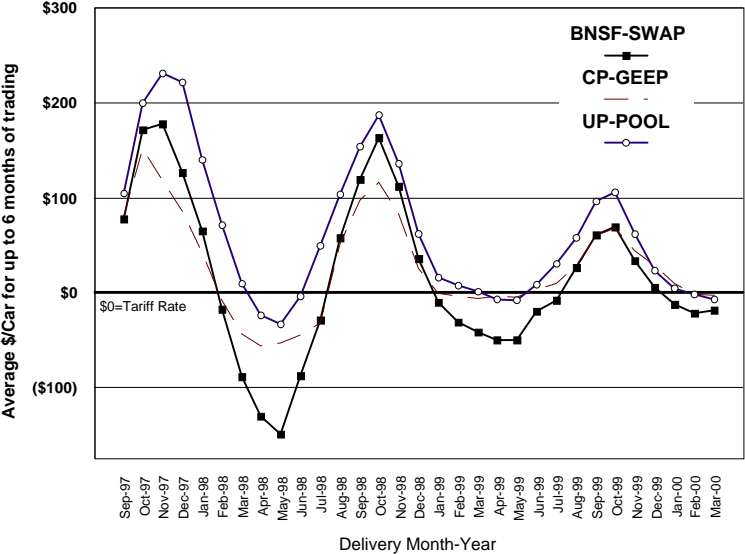
Grain Bid Summary



Spot Barge Rate - Illinois River



Secondary Rail Market Bids



Rail Car 'Auction' Offerings				
Delivery for:	Oct-99		Dec-99	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	12,175	100%	12,175	41%
UP-GCAS	5,400	96%	5,400	26%
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Oct-99	Nov-99	Dec-99	Jan-00
BNSF-GF	\$2	\$(51)	\$(50)	\$(50)
CP-GEEP	\$2	\$(15)	\$(15)	\$(15)
UP-Pool	\$0	\$(43)	\$(41)	\$(41)

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Oct-99	Nov-99	Dec-99
COT/N. Grain		no bid	no bid
COT/S. Grain		no bid	no bid
GCAS/Region 2		no bid	no bid
GCAS/Region 4		no bid	no bid

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com, (COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values**

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate*
10/15/99	Twin Cities	nwk	295
	Mid Miss	twk/nwk	250*
	Illinois River	twk/nwk	245*
	Ohio River	twk	200
	St. Louis	twk/nwk	210*
	Cincinnati	on station	235

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

twk=this week

nwk=next week

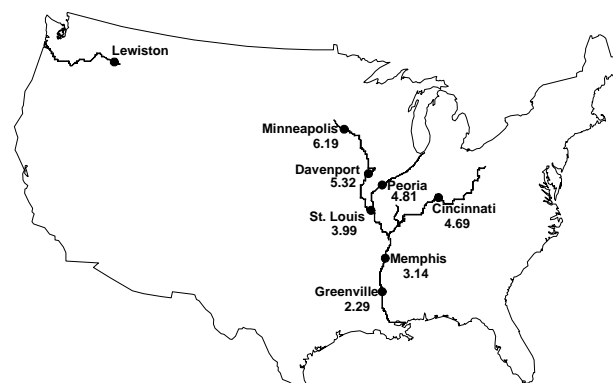
(*) percentages shown for bid rates

on station=boat located at a point on the river (immed. available)

Southbound Barge Freight Spot Rates

	10/13/99	10/6/99	Nov. '99	Jan. '00
Twin Cities	335	302	300	nq
Mid-Mississippi	286	278	194	nq
Illinois River	270	268	176	182
St. Louis	256	251	159	118
Lower Ohio	238	261	165	131
Cairo-Memphis	247	255	153	116

Source: Transportation & Marketing /AMS/USDA

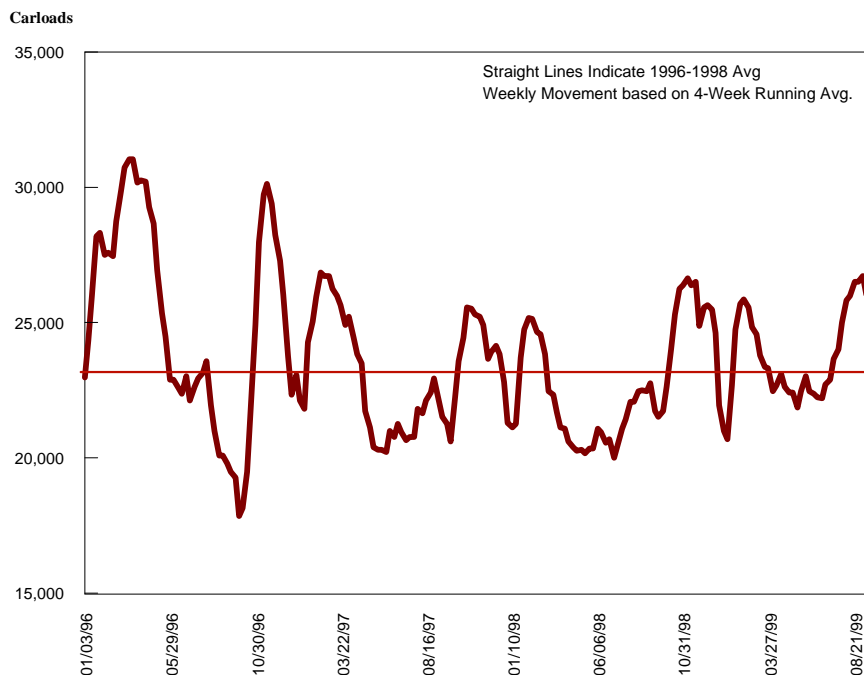
**Barge Benchmark Tariff Rates
Est. 1976 - 'Tariff No. 7'**

Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
9/25/99	25,441
10/2/99	26,889
10/9/99	28,556
Year to Date - 1999	972,525
Year to Date - 1998**	887,168
Total 1998**	1,183,860
Total 1997*	1,199,995
Source: Association of American Railroads	

**1998 - 52 weeks

* 1997 - 53 weeks



Class I Rail Carrier Grain Car Bulletin

Carloads

		<u>East</u>				<u>West</u>		<u>Canada</u>	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
10/09/99	0	2,927	2,125	3,480	10,453	594	8,977	2,550	5,052
This Week Last Year	792	3,383	1,897	2,688	8,730	713	6,925	1,948	5,004
1999 YTD	15,522	96,689	68,393	105,006	351,930	26,741	309,244	87,038	156,894
1998 YTD*	28,218	91,827	60,588	98,602	324,078	26,274	257,581	87,971	166,010
1997 Total**	29,834	118,581	80,255	124,834	428,243	34,690	378,888	171,428	272,156
1996 Total	31,733	111,509	48,695	131,568	432,687	30,009	439,865	129,714	181,387

Source: Association of American Railroads

**1998 - 52 weeks

* 1997 - 53 weeks

Tariff Rail Rates for Unit Train Shipments

October 1999

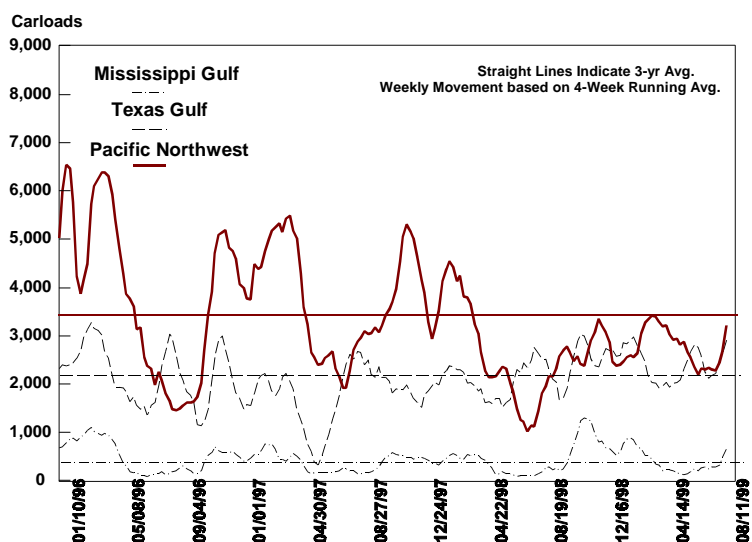
Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
10/01/99	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
10/01/99	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,977	\$43.84	\$1.19
10/01/99	46540	Wheat	Kansas City, MO	Houston, TX	\$1,550	\$17.09	\$0.47
10/01/99	43586	Wheat	Kansas City, MO	Portland, OR	\$4,133	\$45.56	\$1.24
10/01/99	43581	Wheat	Omaha, NE	Portland, OR	\$3,805	\$41.94	\$1.14
10/01/99	31040	Corn	Minneapolis, MN	Portland, OR	\$2,800	\$30.86	\$0.78
10/01/99	31035	Corn	Kansas City, MO	Portland, OR	\$2,600	\$28.66	\$0.73
10/01/99	31040	Corn	Omaha, NE	Portland, OR	\$2,415	\$26.62	\$0.68
10/01/99	61180	Soybean	Minneapolis, MN	Portland, OR	\$2,880	\$31.75	\$0.86
10/01/99	61180	Soybean	Omaha, NE	Portland, OR	\$2,480	\$27.34	\$0.74
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
09/01/99	586	3,351	3,282	438
09/08/99	448	3,602	3,846	274
09/15/99	1,004	2,892	4,147*	674
09/22/99	717	3,405	4,156	300
09/29/99	616	2,980	3,659*	467
10/06/99	668	3,405**	3,803	161
YTD 1999	19,055	104,808	119,524	11,250
YTD 1998	12,336	82,981	104,884	7,036
Total 1998	23,844	115,321	138,461	12,505
Total 1997	20,152	93,265	195,953	9,147
Source: Transportation & Marketing/AMS/USDA				

Rail Deliveries to Port

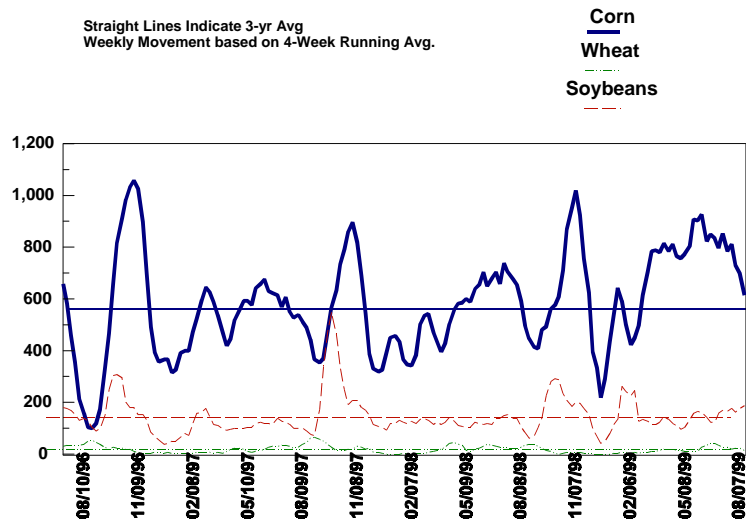


Note:*Corrected data.

**Incomplete data

Barge Movements - Locks 27

1,000 Tons



Barge Grain Movements

for week ending 10/9/99

	Corn	Wht	Sybn	Total
1,000 Tons				
Mississippi River				
Rock Island, IL (L15)	346	24	50	425
Winfield, MO (L25)	341	16	70	427
Alton, IL (L26)	636	37	118	801
Granite City, IL (L27)	659	45	121	845
Illinois River (L8)	207	3	43	262
Ohio (L52)	60	18	52	159
Arkansas (L1)	0	24	3	27
1999 YTD	28,433	2,371	6,418	39,397
1998 YTD	21,964	2,109	5,724	32,076
Total 1998	31,226	2,420	8,866	45,625
Total 1997	29,685	2,689	9,584	45,315

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers

U.S. Export Balances (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
10/07/99	1,124	390	834	997	226	3,571	7,682	5,961	17,214
This Week Year Ago	1,783	354	1,126	1,541	225	5,028	7,654	7,697	20,379
<u>Cumulative Exports-Crop Year</u>									
98/99 YTD	4,923	1,459	1,927	1,112	319	9,739	5,355	2,327	17,421
97/98 YTD	4,413	790	2,477	1,833	322	9,834	3,882	17,713	31,429
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
10/14/99	206	165	121	89	573	369	255	4	16
1999 YTD	7,864	7,143	725	5,623	28,526	10,679	7,204	522	1,011
1998 YTD *	7,493	3,505	439	4,123	22,567	9,260	5,568	323	624
% of Last Year	73%	163%	111%	111%	91%	72%	99%	93%	73%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

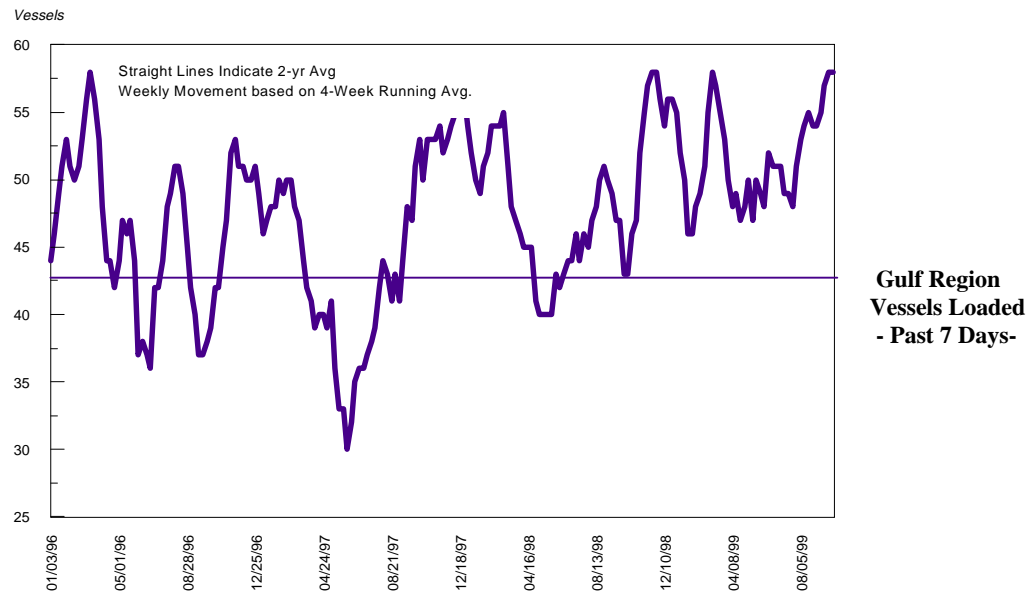
Source: Federal Grain Inspection Service * YTD-Year-to-Date (*98 = 53 week period)

Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 10/14/99			
Vancouver	968	310	75
Prince Rupert	69	0	0
Prairie Direct	179	82	54
Thunder Bay	218	83	17
St. Lawrence	601	392	0
1999 YTD Exports	2,035	867	146
1998 YTD Exports	1,946	474	73
% of Last Year	105%	183%	200%

Source: Canadian Grains Commission
YTD-Year-to-Date Crop Year 8/1-7/31

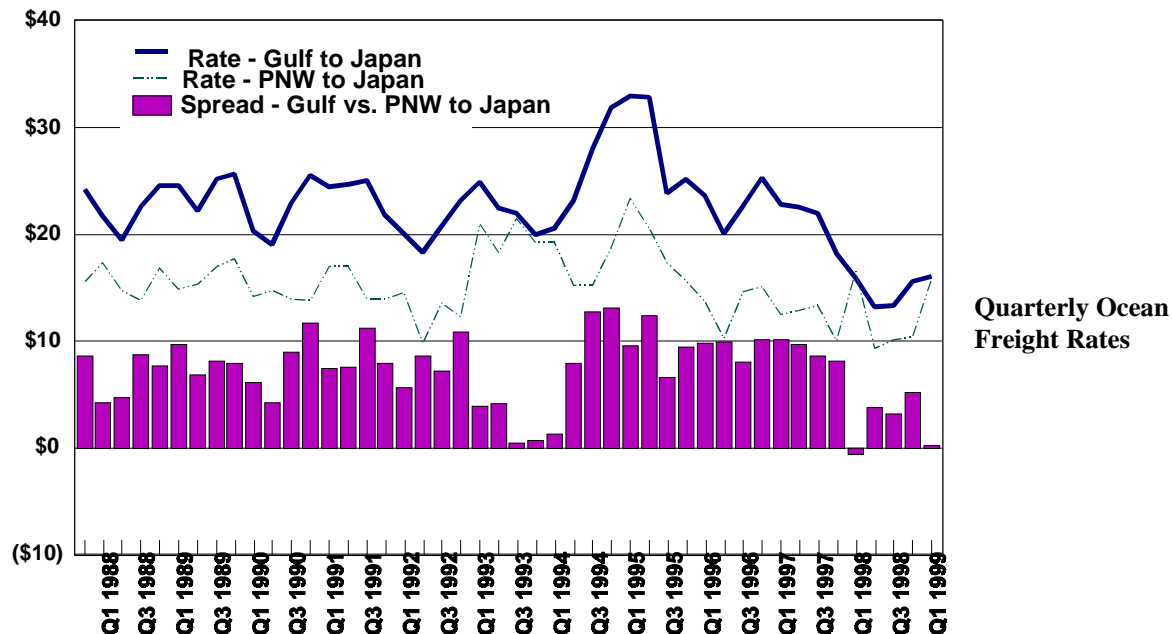


Port Region Ocean Grain Vessels

	Gulf			Pacific Northwest			Vancouver, B.C.		
	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>
10/07/99	34	53	75	13			6	8	2
10/14/99	32	63	80	9			5	7	6
1998 Range	(19..62)	(34..64)	(40..93)				(1..16)	(3..14)	(0..10)
1997 Range	(11..52)	(25..61)	(31..89)						
1998 Avg	40	48	61				9	9	3
1997 Avg	33	45	58						
1996 Avg	38	46	62						

Source: Transportation & Marketing /AMS/ USDA

US\$/Metric Ton



Quarterly Ocean Freight Rates

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	1999 2 nd Qtr	1998 2 nd Qtr	% Change		1999 2 nd Qtr	1998 2 nd Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$16.08	\$15.93	1%	Japan	\$15.83	\$16.49	-4%
Mexico	\$22.45	\$12.42	81%	Red Sea/ Arabian Sea	\$45.80		
Venezuela	\$13.91	\$12.27	13%				
N. Europe	\$12.28	\$9.36	31%	Argentina to			
N. Africa	\$17.80	\$12.83	39%	N. Europe	\$23.92	\$13.13	82%
				Japan	\$20.82	\$18.55	12%

Source: Transportation & Marketing/AMS/USDA

Ocean Freight Rates (Select Locations) - week ending 10/16/99

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Duluth	W. Italy	Heavy Grain	Oct./Nov.	17,000	\$29.50
Duluth	W. Italy	Wheat	October	25,000	\$29.00
Pt. Cartier (Can.)	Ecuador	Wheat	October	18,000	\$21.50
Baltimore	Japan	Soybeans	October	34,000	\$27.00
Gulf	Italy (Adriatic)	Wheat	Prompt	20,000	\$22.00
Gulf	Egypt (Med.)	Heavy Grain	October	50,000/60,000	\$13.00
Gulf	Japan	Heavy Grain	Oct./Nov.	54,000	\$21.70
PNW	Yemen	Heavy Grain	October	30,000	\$28.00
France	Turkey	Wheat	Prompt	15,000	\$17.90
France	Bangladesh	Rapeseed	Prompt	14,000	\$36.50

Source: Maritime Research Inc.